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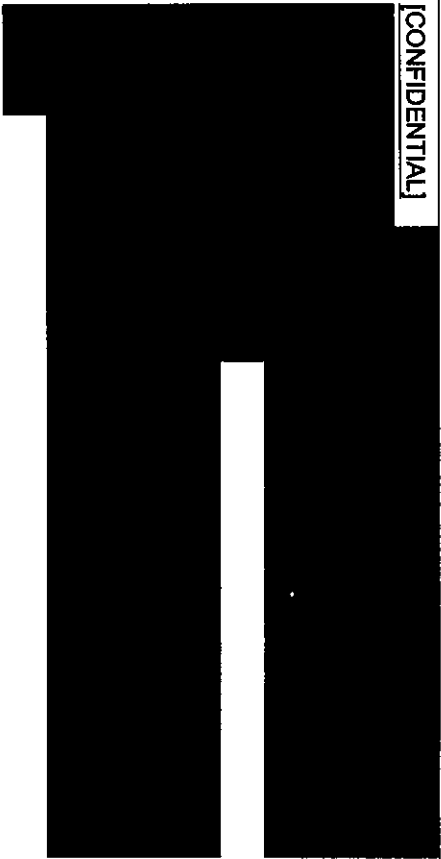
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RESPONSE OF HYUNDAI MERCHANT MARINE CO., LTD.
FMC SLOW STEAMING - RESPONSE TO NOTICE OF INQUIRY

OFFICE OF THE SECRETARY
Hyundai Merchant Marine Co., Ltd. hereby responds to the Federal Maritime Commission's Notice of Inquiry Solicitation of Views on the Impact of Slow Steaming as follows.

Questions Directed to Ocean Liner Carriers	
Questions	Responses
1. What does your company see as the advantages and disadvantages of slow steaming?	Saving fuel costs and reducing carbon emissions are the main advantages of slow steaming. Meanwhile, the increase in Transit times as well as additional capital costs, such as vessel and equipment costs, are the primary disadvantages of slow steaming.
2. What proportion of the ships your company operates in the U.S. trades slow steam? What proportion slow steam outbound from the United States? What proportion slow steam inbound to the United States?	[CONFIDENTIAL] [REDACTED]
3. Do you have plans to increase or decrease slow steaming during 2011 and/or the years that follow?	No, HMM does not have a definite plan to change its current slow steaming plans at this time.
4. What factors help your company decide to slow steam any given service string? What factors cause your company to decide whether to slow steam in one direction only?	Environmental and cost factors are the primary issues we take into account in making slow steaming decisions. If as expected there is a need for carriers to meet new and more stringent environmental standards, and carriers are finding it difficult to provide sustainable service due to high bunker costs, slow steaming is one very attractive option carriers like HMM must consider. We also consider the service needs of our customers in a particular trade lane. HMM has not provided slow steaming service in one direction.

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5.	<p>In the past year, by how much (i.e., absolute amount and as a percent of the total) has your company reduced its bunker consumption, bunker fuel expenses, and carbon emissions as a result of slow steaming ships in the U.S. ocean liner services?</p>	<p>[CONFIDENTIAL]</p> 
6.	<p>Do you make this information on fuel, cost, and emissions savings available and transparent to your customers? If not, do you have plans to, and what is your goal date? If not, why not?</p>	<p>HMM does not make its fuel costs and emissions savings publicly available as this data is commercially sensitive business information that we do not want to disclose to our competitors.</p>
7.	<p>Do you offer shippers, over the same trade lane, different transit times by reason of slow steaming vs. normal steaming?</p>	<p>Yes, we offer information on different transit times to shippers through direct salesperson contact with shippers.</p>
8.	<p>Have you passed cost savings along to shippers through adjustments to any bunker surcharge formulas, or by lowering rates? If not, do you have plans to, and what is your goal date? If not, why not?</p>	<p>It is difficult to determine the "net savings" attributable to slow steaming. Although slow steaming reduces fuel costs, these are offset to some extent by the costs for additional vessels and equipment used in services that are slow steaming.</p> <p>As to whether cost savings are passed onto shippers, most of HMM's business is negotiated with shippers through individual service contracts. Bunker costs are one aspect of those negotiations, so shippers will pay the</p>

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		bunker charge that they negotiate in their contractual arrangement. Also, rates for virtually all commodities in the trades in which HMM operates have been declining in recent months, and so shippers have been seeing cost savings as a general matter.
9.	Are there any costs incurred by the ships your company is slow steaming that would not accrue if they were operating at normal service speed and, if so, what are these costs and how significant are they?	[CONFIDENTIAL] [REDACTED]
10.	What factors constrain your company's ability to slow steam more services or to further slow down ships that are already slow steaming (i.e., super-slow steaming)?	The factors include vessel availability and service competitiveness regarding transit time, which keep HMM from further slow steaming. Some customers require specific transit times because their cargoes are time sensitive, and so HMM must ensure those shippers' needs are met.
11.	How many vessels do you add to service loops that begin slow steaming for part or all of the loops? Are there instances where vessels are not added?	On the NYX service loop, which is the only loop on which HMM operates a vessel that slow steams, one vessel has been added to the service loop.
12.	Is your company adding new vessels to your fleet to accommodate slow steaming?	No, HMM does not have a definite plan yet.
13.	Are new ship designs incorporating hull and propulsion engine innovations	Although the general industry trend is to build vessels that are more suitable

	to better accommodate slow steaming?	for slow steaming, we currently do not have any new ship designs or propulsion engine innovations for slow steaming. We will, however, likely take slow steaming into account when considering the design of new vessels in the future.
14.	How has slow steaming impacted your company's on time performance of sailing schedules?	We recognized better on-time performance after slow steaming. However, since on-time performance depends on various factors, this cannot be attributed solely to slow steaming.
15.	Are some shipper accounts more affected by slow steaming than others? If so, please explain. What measures has your company taken to try to mitigate any adverse impact of slow steaming on specific shipper accounts?	As stated above, some shippers require shorter transit times because their goods are perishable. We take these shippers' needs into account when developing an overall slow steaming plan. To date, we have not received any complaints from customers about our implementation of slow steaming.
16.	To what extent has slow steaming affected your company's ability to maintain or expand capacity in the U.S. trades and/or its ability to maintain adequate availability of containers at appropriate inland locations?	We recognized some equipment problems for the first half of 2010. However, the main reasons for these problems were seasonality and unexpected demand increase rather than slow steaming. Slow steaming has not had any impact on our overall capacity in the trade.
17.	Do you believe slow steaming is sustainable over the long-run? Please explain why or why not.	HMM forecasts that it will be sustainable over long time as long as there are high bunker costs, low charter costs & continuing and increasing environmental initiatives and standards that carriers must meet.
18.	If your company participates in one or more vessel sharing arrangements ("VSAs"), describe whether and to what extent VSAs are positively or negatively impacted by slow steaming.	Positive factors include significantly reduced greenhouse gas emissions and savings in fuel costs. Meanwhile, negative commercial factors are the increase in transit time & added capital costs (vessel and equipment costs). In other words, the positive and negative effects are the same in the VSA

			context as for HMM individually.